# Social Security and the Informal Economy in the Eastern Caribbean Currency Union

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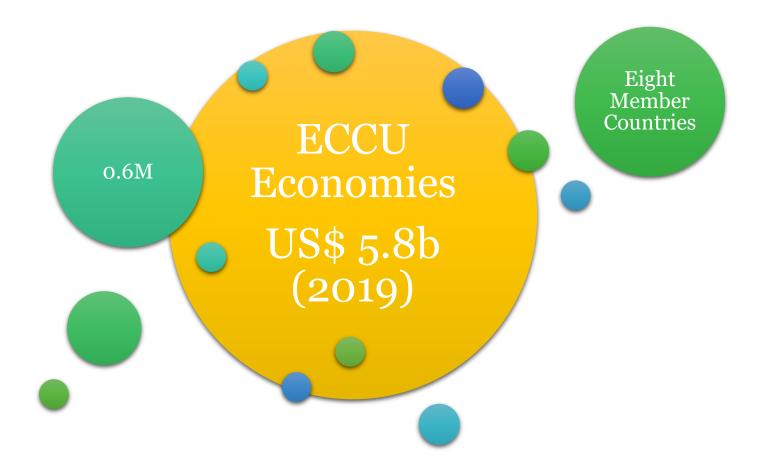


# Outline

- The Economies of the ECCU
- Informal Economy
- Social Security Systems
- Challenges to Social Security
- Resolving Challenges
- Conclusion



### **The Economies of the ECCU**



# The Informal Economy in the ECCU

- Definition used in the ECCU follows the ILO definition of the informal employment.
- Social Security Systems adopt this definition as well.
- Informal economy may be separated into legal and illegal activities.



### The Informal Economy in the ECCU

#### The Informal Economy

Large but stable percentage of GDP

Estimates are similar to other CARICOM Member states



# The Informal Economy in the ECCU



Some employed workers may not receive sufficient Social Protection

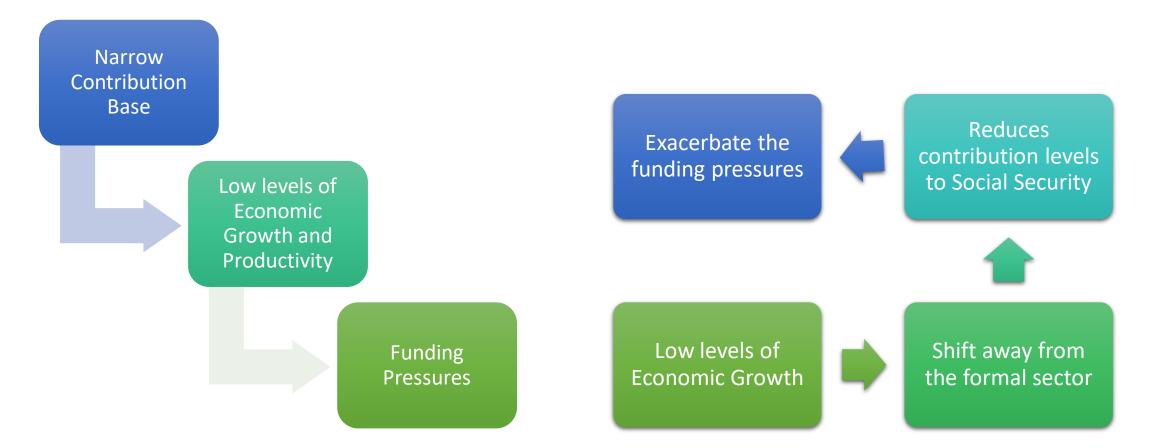
Imbalances

# **Social Security Systems in the ECCU**

- •Asset base of US\$2.5b (2019).
- •33.0 per cent of GDP.
- Deposits of Social Security Systems were approximately 8.0 per cent of commercial bank deposits in 2019.



### **Social Security Systems in the ECCU**



#### Transforming The ECCU Together



### Challenges to Social Security Systems and the Informal Economy

Capturing the informal economy remains a major challenge. Estimates of contributions by the informal economy to SSSs are based on a combination of approaches.

Low coverage of the informal sector and self-employed.

Fraudulent activity.



# **Resolving challenges for Social Security Systems and the Informal Economy**

Promoting gender equality and women's empowerment.

Identifying the most vulnerable segments of the informal economy.

Continued expansion of the self-employment contribution mechanism through Social Security.

# **Resolving challenges for Social Security Systems and the Informal Economy**

Reducing or removing the barriers to business formation.

Reducing tax system complexity

Strengthening and continued enforcement of compliance laws.

### **Resolving challenges for Social Security Systems and the Informal Economy**

Increasing coverage especially in New Industries Medicinal Cannabis Industry Marijuana Medicinal production Illegal/informal Cannabis employment (illegal drug Industry production) Legal (informal) or Formal employment



## **The End**

